

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**

Caro, Michigan

Report on Financial Statements

June 30, 2005

Table of Contents

	<u>PAGE NUMBER</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	i - ix
<b>BASIC FINANCIAL STATEMENTS</b>	
<i>Government-Wide Financial Statements</i>	
<i>Statement of Net Assets</i>	1
<i>Statement of Activities</i>	2
<i>Fund Financial Statements</i>	
<i>Balance Sheet - Governmental Funds</i>	3 & 4
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets</i>	5
<i>Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance</i>	6 & 7
<i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities</i>	8
<i>Fiduciary Funds</i>	
<i>Statement of Fiduciary Net Assets</i>	9
<i>Notes to the Financial Statements</i>	10 - 22
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<i>Budgetary Comparison Schedule - General Fund</i>	23
<i>Budgetary Comparison Schedule - Special Education Fund</i>	24
<i>Budgetary Comparison Schedule - Tuscola Technology Education Fund</i>	25
<i>Budgetary Comparison Schedule - Cooperative Education Fund</i>	26
<b>ADDITIONAL INFORMATION</b>	
<i>Nonmajor Governmental Fund Types:</i>	
<i>Combining Balance Sheet</i>	27
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i>	28

Table of Contents (continued)

	<u>PAGE NUMBER</u>
<b>General Fund:</b>	
<i>Schedule of General Fund Revenue</i>	29
<i>Schedule of General Fund Expenditures</i>	30 & 31
<b>Special Revenue Funds:</b>	
<i>Schedule of Special Education Fund Revenue</i>	32
<i>Schedule of Special Education Fund Expenditures</i>	33 - 37
<i>Schedule of Tuscola Technology Fund Revenues</i>	38
<i>Schedule of Tuscola Technology Fund Expenditures</i>	39 - 42
<i>Schedule of Regional Education Media Center and Special Education Learning         Materials Services Revenue</i>	43
<i>Schedule of Regional Education Media Center and Special Education Learning         Materials Services Expenditures</i>	44 & 45
<i>Schedule of Cooperative Education Fund Revenue</i>	46
<i>Schedule of Cooperative Education Fund Expenditures</i>	47 - 49
<i>Schedule of Hot Lunch Fund Revenue, Expenditures and Changes in Fund Balance</i>	50
<b>Capital Project Fund</b>	
<i>Balance Sheet</i>	51
<i>Schedule of Revenues, Expenditures and Changes in Fund Balances</i>	52
<b>Fiduciary Funds:</b>	
<i>Tuscola Technology Student Activity Fund Schedule of Receipts and Disbursements         and Changes in Liabilities</i>	53
<i>Schedule of Bonded Debt - 1998 Issue</i>	54

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August 31, 2005

Independent Auditor's Report

To the Board of Education  
Tuscola Intermediate School District  
Caro, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscola Intermediate School District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Tuscola Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of Tuscola Intermediate School District as of June 30, 2005 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2005 on our consideration of Tuscola Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Board of Education  
August 31, 2005

The management's discussion and analysis and budgetary comparison information on pages i through ix and pages 23 through 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the primary government of Tuscola Intermediate School District's basic financial statements. The additional information on pages 27 to 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## **BASIC FINANCIAL STATEMENTS**

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
June 30, 2005

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
CURRENT ASSETS:	
Cash	\$ 9,102,252
Investments	196,948
Property taxes receivable	28,138
Accounts receivable	405,285
Due from other governmental units	<u>2,778,004</u>
TOTAL CURRENT ASSETS	<u>12,510,627</u>
NONCURRENT ASSETS:	
Capital assets	13,611,978
Less accumulated depreciation	<u>(6,287,867)</u>
TOTAL NONCURRENT ASSETS	<u>7,324,111</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,834,738</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
CURRENT LIABILITIES:	
Accounts payable	\$ 282,902
Accrued salaries & benefits	844,763
Accrued interest	46,182
Accrued payroll taxes	199,699
Deferred revenue	5,996,200
Current portion of long term debt	<u>26,502</u>
TOTAL CURRENT LIABILITIES	<u>7,396,248</u>
NONCURRENT LIABILITIES:	
Noncurrent portion of long term debt	1,823,286
Noncurrent portion of compensated absences	<u>1,014,566</u>
TOTAL NONCURRENT LIABILITIES	<u>2,837,852</u>
NET ASSETS:	
Invested in capital assets, net of related debt	5,474,323
Restricted for debt service	196,948
Unrestricted	<u>3,929,367</u>
TOTAL NET ASSETS	<u>9,600,638</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,834,738</u></b>

The accompanying notes are an integral part of the financial statements.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Instruction	\$ 5,796,953	\$ 163,535	\$ 2,205,650	\$ (3,427,768)
Federal	3,925,378		3,788,797	(136,581)
Support services	10,066,921	1,650,183	5,146,516	(3,270,222)
Food services	105,995	25,724	715	(79,556)
Transfers to other districts	506,792	-		(506,792)
Interest on long-term debt	13,150			(13,150)
Unallocated depreciation	375,821			(375,821)
Total governmental activities	<u>\$20,791,010</u>	<u>\$1,839,442</u>	<u>\$11,141,678</u>	(7,809,890)
General revenues:				
Property taxes, levied for general purposes				5,985,127
Property taxes, levied for debt service				-
State sources				1,275,172
Investment revenue				47,633
Contributions				26,000
Miscellaneous				470,367
Total general revenue				<u>7,804,299</u>
Change in net assets				(5,591)
Net assets, beginning of year				<u>9,606,229</u>
Net assets, end of year				<u>\$ 9,600,638</u>

The accompanying notes are an integral part of the financial statements.



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2005

	<b>SPECIAL REVENUE</b>			
	<b>GENERAL FUND</b>	<b>SPECIAL EDUCATION</b>	<b>TUSCOLA TECHNOLOGY</b>	<b>COOPERATIVE EDUCATION</b>
<b><i>ASSETS</i></b>				
CURRENT ASSETS:				
Cash	\$ 338,374	\$ 7,645,284	\$ 888,520	\$ 161,934
Investments	-	-	-	-
Accounts receivable	895	216,589	167,669	18,295
Due from other governmental units	90,085	2,414,561	218,265	37,834
Due from other funds	-	-	-	-
<b><i>TOTAL ASSETS</i></b>	<b><u>\$ 429,354</u></b>	<b><u>\$ 10,276,434</u></b>	<b><u>\$ 1,274,454</u></b>	<b><u>\$ 218,063</u></b>
<b><i>LIABILITIES AND FUND BALANCE</i></b>				
LIABILITIES:				
Accounts payable	\$ 2,619	\$ 188,281	\$ 53,405	\$ 35,951
Accrued salaries and benefits	-	629,498	208,913	4,137
Accrued & withheld payroll taxes	2,931	147,276	48,021	990
Deferred revenue	93,446	5,890,359	12,395	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>98,996</u></b>	<b><u>6,855,414</u></b>	<b><u>322,734</u></b>	<b><u>41,078</u></b>
FUND BALANCE:				
Unreserved:				
Designated for capital outlay				
Designated for debt retirement				
Designated for compensated absences	49,729	649,648	273,357	32,905
Undesignated	280,629	2,771,372	678,363	144,080
<b>TOTAL FUND BALANCE</b>	<b><u>330,358</u></b>	<b><u>3,421,020</u></b>	<b><u>951,720</u></b>	<b><u>176,985</u></b>
<b><i>TOTAL LIABILITIES &amp; FUND BALANCE</i></b>	<b><u>\$ 429,354</u></b>	<b><u>\$ 10,276,434</u></b>	<b><u>\$ 1,274,454</u></b>	<b><u>\$ 218,063</u></b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 68,140	\$ 9,102,252
196,948	196,948
1,837	405,285
17,259	2,778,004
-	-
<b>\$ 284,184</b>	<b>\$ 12,482,489</b>

\$ 2,646	\$ 282,902
2,215	844,763
481	199,699
-	5,996,200
-	-
5,342	7,323,564

26,049	26,049
196,948	196,948
8,927	1,014,566
46,918	3,921,362
278,842	5,158,925
<b>\$ 284,184</b>	<b>\$ 12,482,489</b>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets  
June 30, 2005

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,158,925</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

The cost of the capital assets is:	13,611,978
Accumulated depreciation is:	(6,287,867)

Long term liabilities are not due and payable in the current period and are not reported in the funds

Bonds payable:	(1,849,788)
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Compensated absences:	(1,014,566)
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Accrued interest is not included as a liability in governmental funds; it is recorded when paid:	(46,182)
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Balance of taxes receivable at 6/30/05 less allowance for doubtful accounts	<u>28,138</u>
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<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 9,600,638</u></u></b>
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The accompanying notes are an integral part of the financial statements.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

	<b>SPECIAL REVENUE</b>			
	<b>GENERAL FUND</b>	<b>SPECIAL EDUCATION</b>	<b>TUSCOLA TECHNOLOGY</b>	<b>COOPERATIVE EDUCATION</b>
REVENUES:				
Local sources	\$ 224,256	\$ 4,546,222	\$ 2,958,880	\$ 316,343
State sources	529,367	6,652,297	1,221,593	129,199
Federal sources	1,379	2,434,522	637,155	659,981
<b>TOTAL REVENUES</b>	<b>755,002</b>	<b>13,633,041</b>	<b>4,817,628</b>	<b>1,105,523</b>
EXPENDITURES:				
Instruction	-	3,482,606	2,314,347	-
Federal	4,230	3,019,740	805,823	95,585
Supporting services	736,016	6,650,961	1,694,325	765,721
Food service activities	-			-
Capital outlay	-			
<b>TOTAL EXPENDITURES</b>	<b>740,246</b>	<b>13,153,307</b>	<b>4,814,495</b>	<b>861,306</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14,756</b>	<b>479,734</b>	<b>3,133</b>	<b>244,217</b>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	5,371			124,869
Operating transfers out	(162,585)	(75,240)	(19,807)	(5,371)
Transfer to other districts		(210,850)	(30,684)	(265,258)
Transfers from other districts		255		
Contributions			26,000	
Sale of school property	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(157,214)</b>	<b>(285,835)</b>	<b>(24,491)</b>	<b>(145,760)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES &amp; OTHER SOURCES (USES)</b>	<b>(142,458)</b>	<b>193,899</b>	<b>(21,358)</b>	<b>98,457</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>472,816</b>	<b>3,227,121</b>	<b>973,078</b>	<b>78,528</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 330,358</b>	<b>\$ 3,421,020</b>	<b>\$ 951,720</b>	<b>\$ 176,985</b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 309,146	\$ 8,354,847
95,597	8,628,053
55,760	3,788,797
460,503	20,771,697
	5,796,953
	3,925,378
402,406	10,249,429
105,995	105,995
436,976	436,976
945,377	20,514,731
(484,874)	256,966
132,763	263,003
-	(263,003)
	(506,792)
	255
	26,000
	-
132,763	(480,537)
(352,111)	(223,571)
630,953	5,382,496
\$ 278,842	\$ 5,158,925

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**June 30, 2005**

**Total net change in fund balances--governmental funds** **\$ (223,571)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(465,362)
Capital outlay	786,183

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	33,032
Accrued interest payable at the end of the year	(46,182)

Gains on sale of fixed assets are recorded in the statement of activities; in the governmental funds the gross proceeds are recorded:

Difference between book gain and gross proceeds	(1,463)
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(39,208)
Accrued revenue at the end of the year	28,138

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	937,408
Accrued absences at the end of the year	<u>(1,014,566)</u>

<b>Change in net assets of governmental activities</b>	<b><u>\$ (5,591)</u></b>
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The accompanying notes are an integral part of the financial statements.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b><u>AGENCY FUNDS</u></b>
 <b><i>ASSETS</i></b>	
Cash	<b><u>\$ 39,795</u></b>
 <b><i>LIABILITIES AND FUND BALANCE</i></b>	
Liabilities:	
Due to other organizations	<b><u>\$ 39,795</u></b>

The accompanying notes are an integral part of the financial statements.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Tuscola Intermediate School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY:**

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in GASB Statements #14 and #39, nor is the District a component unit of another entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has largely been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

*Program revenues* include 1) charges paid by recipients who purchase, use, or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Aid, certain revenue from the Intermediate School District and other unrestricted items are not included as program revenues but instead as *general revenues*.

The statement of activities reports both the gross and net cost of each of the District's functions. These functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District utilizes restricted resources to finance their respective, qualifying activities.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued):**

**Governmental Funds:**

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use, and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *General Fund* is the District's primary administration fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The District's **major** special revenue funds consist of the Special Education, Cooperative Education, and Tuscola Technology funds.

The District reports the following **nonmajor** governmental funds:

The *Special Revenue Funds* that are considered **nonmajor** consist of the Regional Education Media Center (REMC) and Special Education Learning Materials (SELMS) Learning Services Fund and the Hot Lunch Fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt.

The *Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**Fiduciary Funds:**

Fiduciary funds account for assets held by the district in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the district under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following **fiduciary** fund:

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

**Accrual Method**

The government-wide financial statements (statements of net assets; statements of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION, (Continued):**

**Modified Accrual Method**

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The district considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the district and are recognized as revenue at that time.

**State Foundation Revenue:**

The State of Michigan utilizes a foundation grant approach that provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2005 the foundation allowance was based on the pupil membership counts taken in February and September of 2004.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes that may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October, 2004 - August, 2005. Thus, the unpaid portion at June 30<sup>th</sup> is reported as due from other governmental units. The local revenue is recognized as outlined in Note 1 Accounting for Property Taxes.

**State Categorical Revenue:**

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year, are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**Federal Revenue:**

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ASSETS, LIABILITIES AND EQUITY:**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the districts intend to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year-end).

For the year ended June 30, 2005, the District levied the following amounts per \$1,000 of assessed valuation:

<b><u>FUND</u></b>	<b><u>MILLS</u></b>
General Fund	0.1417
Special Revenue Funds:	
Special Education Fund	2.4594
Technical Education Fund	1.6557

3. Inventories and Prepaid items.

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the special revenue fund consisting of expendable supplies held for consumption are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**ASSETS, LIABILITIES AND EQUITY, (Continued):**

4. Receivables and Payables.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds Balance Sheet.

5. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as followed:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's policy is to capitalize individual amounts exceeding \$3,000.

6. Compensated Absences.

Accumulated vacation and sick pay amounts that are expected to be liquidated with expendable available resources (generally sixty days) are recorded in the governmental funds using the modified accrual basis of accounting.

It is the policy of the District to allow for accumulation of unused sick days. Upon retirement, accumulated sick days for professional staff and administration become vested and are payable at one half of the employees current rate of pay for a maximum of 120 days. Professional staff employed after June 1, 1995 will be paid \$60 per day for a maximum of 120 days. For paraprofessionals unused sick days are payable at the rate of \$30 per day up to a maximum of 40 days. For non-union clerical employees unused sick days are payable at one half the employees current rate of pay for a maximum of 100 days. An estimate of this liability has been recorded in the statement of net assets.

7. Long-term obligations.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**ASSETS, LIABILITIES AND EQUITY, (Continued):**

8. Fund Balance.

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of assets does not constitute "available spendable resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

9. Use of Estimates.

The process of preparing basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:**

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget (GAAP basis) and actual - general, special revenue, debt service and capital project funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditures in violation of the budgeting act are disclosed as unfavorable variances on the combined statement of revenues, expenditures and changes in fund balances - budget and actual (GAAP Basis) - general, special revenue and debt service funds.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue and debt service fund.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 2 - STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY (Continued):**

6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

**NOTE 3 - CASH AND INVESTMENTS - CREDIT RISK:**

As of June 30, 2005, the District had the following investments.

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>%</b>
Guaranteed Investment Contract (GIC)	\$196,948	6.8	A1+	100.0
Total fair value	<u>\$196,948</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>6.8</u>		

1 day maturity equals 0.0027, one year equals 1.00

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2005, \$9,594,208 of the District's bank balance of \$9,794,208 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. Included in the above deposit figures are bank money market deposits of \$3,000,235.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

The District's Guaranteed Investment Contract is collateralized and invested for the purpose of paying off the QZAB Bonds as disclosed in Note 7.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 3 - CASH AND INVESTMENTS - CREDIT RISK, (Continued):**

The Investment Agreement, dated as of September 10, 2002, by and among Bank of New York Trust Company, as the Depository on behalf of both the participating Michigan School District and the Michigan Municipal Bond Authority, and Wachovia Bank, as Provider.

The net proceeds from the sale of the School Improvement Bonds were loaned by the Authority to Michigan School Districts. Such Loans are to be repaid with annual set-a-side installments deposited with the Depository for investment under the Investment Agreement. Set-a-side installments are deposited under the Investment Agreement versus Permitted Investments (collateral securities) equaling at least 103% of the deposited amount and such Permitted Investments are held by the Depository in a fiduciary capacity.

The Guaranteed Rate under this Investment Agreement (commonly referred to as guaranteed investment contract-GIC or collateralized investment agreement-CIA) is 1.62% (simple interest actual days elapsed over a 365-day year).

The Guarantor is Wachovia Bank, as guarantor of the Provider's obligations under this Investment Agreement.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 39,795
Cash - District wide	9,102,252
Investments - District wide	<u>196,948</u>
	<u>\$9,338,995</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 4 – CAPITAL ASSETS:**

A summary of changes in the District's capital assets follows:

	<u>BALANCE JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2005</u>
Assets not being depreciated – land	\$ 105,000	\$ 26,000		\$ 131,000
Other capital assets:				
Building and Improvements	9,978,448	483,929		10,462,377
Office & Instructional Equipment	1,752,791	176,697	\$7,625	1,921,863
Transportation Equipment	<u>997,180</u>	<u>99,557</u>	<u>          </u>	<u>1,096,738</u>
Subtotal - Other	12,728,419	760,183	7,625	13,480,978
Accumulated depreciation:				
Building and Improvements	(4,147,678)	(289,753)		(4,437,431)
Office & Instructional Equipment	(1,074,001)	(86,068)	(6,163)	(1,153,906)
Transportation Equipment	<u>(606,988)</u>	<u>(89,541)</u>	<u>          </u>	<u>(696,530)</u>
Total accumulated depreciation	<u>(5,828,667)</u>	<u>(465,362)</u>	<u>(6,163)</u>	<u>(6,287,867)</u>
Net Other capital assets:	<u>6,899,752</u>	<u>294,821</u>	<u>1,462</u>	<u>7,193,111</u>
Net capital assets	\$7,004,752	\$ 320,821	\$ 1,462	\$ 7,324,111

Depreciation for the fiscal year ended June 30, 2005 amounted to \$465,362. Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Supporting services	\$ 89,541
Unallocated	<u>375,821</u>
	\$465,362



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 5 - RISK MANAGEMENT:**

The District is exposed to risk of loss related to injuries to employees. The District participates in a pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays quarterly premiums to the pool for the insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance, torts, theft of, damage to and destruction of assets and errors & omissions.

**NOTE 6 – DUE FROM OTHER GOVERNMENTAL UNITS:**

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

Under section 52 & 53 of the State Aid Act, the School District is to be reimbursed for a percentage of their added costs. Reimbursements are made to the district based on estimated budgets and any adjustments are made on future state aid payments. Historically, the School District has recognized section 52 and 53 revenues on the accrual method. At June 30, 2005 the following amount has been recorded and included in the Special Education Fund.

	<u>Transportation</u>	<u>Section 52</u>	<u>Section 53</u>	<u>Total</u>
Added costs to be reimbursed	\$713,469	\$528,401	\$2,869,641	\$ 4,111,511
Current year allowance	(756,895)	(500,120)	(1,688,829)	(2,945,844)
Total	\$(43,426)	\$28,281	\$1,180,812	1,165,667
July & August Payments				1,024,352
Federal Grants Receivable				<u>224,542</u>
Total Amount Due – Special Ed				\$2,414,561

A portion of Special Education State Aid revenue included reimbursement of certain direct and indirect costs. The reimbursement of these costs is based on estimated percentages and allowability as determined by the State of Michigan. These percentages are subject to change after review of the final cost reports filed by the District.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 7 - LONG-TERM DEBT:**

The District issued bonds to provide funds for the acquisition, construction and improvement of major facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

2002 Qualified Zone Academy Bonds in the amount of one million five hundred thousand (\$1,500,000). The bonds are interest free and are repayable September 10, 2016. The District is required to set aside \$96,314 beginning on September 10, 2003 and each year thereafter. The sum of these amounts set aside, together with the interest earned thereon, will be sufficient to repay the aggregate principal amount of the Bonds.

\$1,500,000

1998 limited obligation bonds (Durant bonds) (face amount \$547,514) due in annual installments ranging from \$26,502 to \$126,640 through May 15, 2013 with interest at 4.76%

349,788

Total long-term debt \$1,849,788

**DEBT SERVICE REQUIREMENTS:**

The annual requirements to amortize long-term debt outstanding as of June 30, 2005 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2006	\$ 26,502	\$ 11,946	\$ 38,448
2007	126,640	54,791	181,431
2008	29,086	9,363	38,449
2009	30,471	7,978	38,449
2010	31,920	6,527	38,447
2011-2014	105,169	10,171	115,340
2015-2016	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
	1,849,788	100,776	1,950,564
Accumulated compensated absences	<u>1,014,566</u>	<u>-</u>	<u>1,014,566</u>
	\$2,864,354	\$100,776	\$2,965,130

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 7 - LONG-TERM DEBT (Continued):**

**CHANGES IN LONG-TERM DEBT:**

The following is a summary of the changes in long-term debt of the District:

	<b>ACCUMULATED SICK &amp; VACATION PAY</b>	<b>GENERAL OBLIGATIONS</b>
Long-term debt, July 1, 2004	\$ 937,408	\$1,849,788
Net Increase in compensated absences	77,747	
Compensated absences paid	<u>(589)</u>	<u>-</u>
Long-term debt, June 30, 2005	\$1,014,566	\$1,849,788

At June 30, 2005, net assets of \$ 196,947 were available in the debt service fund to service the general obligation debt.

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN:**

**Plan Description** – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine-member board of the MPERS. The MPERS provides retirement benefits and post-retirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-6000.

**Funding Policy** – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1<sup>st</sup> on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued):**

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus and additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2005 was 12.99% through September 2004 and 14.87% for October 1, 2004 through June 30, 2005. The contribution requirements of plan members and the district are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2005, 2004, and 2003 were approximately \$1,590,533, \$1,355,266, and \$1,311,378, respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits, which is the responsibility of the State of Michigan.

**OTHER POST-EMPLOYMENT BENEFITS:**

Under the MPSERS' Act, all retirees have the option of continuing health, dental and vision coverage. These benefits are not included in the pension benefit obligation referred to above.

**NOTE 9 – TRANSFERS**

Transfers were made from the General Fund, Special Education Fund and the Tuscola Technology Fund to the Debt Retirement Fund for future QZAB obligations. Other transfers were made to supplement program costs. A summary is as follows:

	<u>Transfers To</u>	<u>Transfers From</u>
General Fund	\$162,585	\$ 5,371
Special Education Fund	75,240	
Tuscola Technology Fund	19,807	
Cooperative Education Fund	5,371	124,869
Debt Retirement Fund		96,313
REMC		5,650
Hot Lunch Fund		<u>30,800</u>
Total	<u>\$263,003</u>	<u>\$263,003</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 219,980	\$ 227,694	\$ 224,256	\$ (3,438)
State sources	589,524	567,624	529,367	(38,257)
Federal sources		1,379	1,379	-
<b>TOTAL REVENUE</b>	<b>809,504</b>	<b>796,697</b>	<b>755,002</b>	<b>(41,695)</b>
EXPENDITURES:				
Federal programs	3,034	4,315	4,230	85
Supporting services				
Executive administration	406,480	415,780	412,172	3,608
Fiscal services	30,477	27,785	16,733	11,052
Operation & maintenance	43,835	43,235	38,925	4,310
Other	272,541	275,704	268,186	7,518
<b>TOTAL EXPENDITURES</b>	<b>756,367</b>	<b>766,819</b>	<b>740,246</b>	<b>26,573</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>53,137</b>	<b>29,878</b>	<b>14,756</b>	<b>(15,122)</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other funds	1,000	1,000	5,371	4,371
Transfers to other funds	(144,633)	(162,585)	(162,585)	-
Sale of school property		-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(143,633)</b>	<b>(161,585)</b>	<b>(157,214)</b>	<b>4,371</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(90,496)</b>	<b>(131,707)</b>	<b>(142,458)</b>	<b>(10,751)</b>
<b>FUND BALANCE - JULY 1</b>	<b>472,816</b>	<b>472,816</b>	<b>472,816</b>	<b>-</b>
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 382,320</b>	<b>\$ 341,109</b>	<b>\$ 330,358</b>	<b>\$ (10,751)</b>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUE:</b>				
Local sources	\$ 4,176,978	\$ 4,387,828	\$ 4,546,222	\$ 158,394
State sources	6,733,203	6,965,158	6,652,297	(312,861)
Federal sources	2,378,738	2,426,942	2,434,522	7,580
<b>TOTAL REVENUE</b>	<b>13,288,919</b>	<b>13,779,928</b>	<b>13,633,041</b>	<b>(146,887)</b>
<b>EXPENDITURES:</b>				
Instruction				
Added needs	3,510,192	3,571,191	3,482,606	88,585
Federal programs				
Supporting services	3,246,559	3,088,411	3,019,740	68,671
Supporting services				
Pupil services	3,274,095	3,391,905	3,279,689	112,216
General administration	1,085,397	967,778	932,154	35,624
School administration	579,694	578,585	524,549	54,036
Operation & maintenance	634,372	723,985	698,008	25,977
Pupil transportation	1,170,091	1,213,304	1,143,574	69,730
Other business services	211,730	75,500	72,987	2,513
<b>TOTAL EXPENDITURES</b>	<b>13,712,130</b>	<b>13,610,659</b>	<b>13,153,307</b>	<b>457,352</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(423,211)</b>	<b>169,269</b>	<b>479,734</b>	<b>310,465</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of school property	5,000	500	-	(500)
Transfers from other districts		450	255	(195)
Transfers to other districts		(210,850)	(210,850)	-
Transfers to other funds	(78,790)	(84,382)	(75,240)	9,142
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>(73,790)</b>	<b>(294,282)</b>	<b>(285,835)</b>	<b>8,447</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(497,001)</b>	<b>(125,013)</b>	<b>193,899</b>	<b>318,912</b>
<b>FUND BALANCE - JULY 1</b>	<b>3,227,121</b>	<b>3,227,121</b>	<b>3,227,121</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 2,730,120</b>	<b>\$ 3,102,108</b>	<b>\$ 3,421,020</b>	<b>\$ 318,912</b>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**TUSCOLA TECHNOLOGY EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUE:</b>				
Local sources	\$ 2,868,677	\$ 2,698,558	\$ 2,958,880	\$ 260,322
State sources	1,100,490	1,220,586	1,221,593	1,007
Federal sources	676,736	673,969	637,155	(36,814)
<b>TOTAL REVENUE</b>	<b>4,645,903</b>	<b>4,593,113</b>	<b>4,817,628</b>	<b>224,515</b>
<b>EXPENDITURES:</b>				
Instruction				
Added needs	1,905,661	2,146,260	2,151,616	(5,356)
Customized training	143,351	159,365	162,731	(3,366)
Federal programs				
Instruction	8,099	44,131	46,183	(2,052)
Supporting services	828,731	799,639	759,640	39,999
Supporting services				
Cooperative coordinator	127,788	131,273	127,671	3,602
General administration	281,269	288,963	288,269	694
Operation & maintenance	413,638	419,123	439,989	(20,866)
Other	1,130,951	858,890	838,396	20,494
<b>TOTAL EXPENDITURES</b>	<b>4,839,488</b>	<b>4,847,644</b>	<b>4,814,495</b>	<b>33,149</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(193,585)</b>	<b>(254,531)</b>	<b>3,133</b>	<b>257,664</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds		50,491	-	(50,491)
Contributions			26,000	26,000
Transfers to other districts		(30,684)	(30,684)	-
Transfers to other funds	(19,807)	(19,807)	(19,807)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(19,807)</b>	<b>-</b>	<b>(24,491)</b>	<b>(24,491)</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(213,392)</b>	<b>(254,531)</b>	<b>(21,358)</b>	<b>233,173</b>
<b>FUND BALANCE - JULY 1</b>	<b>973,078</b>	<b>973,078</b>	<b>973,078</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 759,686</b>	<b>\$ 718,547</b>	<b>\$ 951,720</b>	<b>\$ 233,173</b>



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**COOPERATIVE EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 288,493	\$ 285,291	\$ 316,343	\$ 31,052
State sources	62,691	171,764	129,199	(42,565)
Federal sources	788,043	821,446	659,981	(161,465)
<b>TOTAL REVENUE</b>	<b>1,139,227</b>	<b>1,278,501</b>	<b>1,105,523</b>	<b>(172,978)</b>
EXPENDITURES:				
Federal programs				
Drug free grants	167,543	98,565	95,585	2,980
Supporting services				
Health grants	51,840	79,151	61,901	17,250
Academically talented	1,900	1,275	976	299
Professional development	61,558	78,281	74,587	3,694
ECMEC	105,000	142,616	100,557	42,059
MI safe schools	225,000	212,029	212,063	(34)
Emergency response/safe schools	280,000	173,633	71,133	102,500
Other	294,472	284,926	244,504	40,422
<b>TOTAL EXPENDITURES</b>	<b>1,187,313</b>	<b>1,070,476</b>	<b>861,306</b>	<b>209,170</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(48,086)</b>	<b>208,025</b>	<b>244,217</b>	<b>36,193</b>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	56,558	124,869	124,869	-
Transfers to other districts		(327,052)	(265,258)	61,794
Transfers to other funds	(7,782)	(10,241)	(5,371)	4,870
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>48,776</b>	<b>(212,424)</b>	<b>(145,760)</b>	<b>66,664</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>690</b>	<b>(4,399)</b>	<b>98,457</b>	<b>102,857</b>
<b>FUND BALANCE - JULY 1</b>	<b>78,528</b>	<b>78,528</b>	<b>78,528</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 79,218</b>	<b>\$ 74,129</b>	<b>\$ 176,985</b>	<b>\$ 102,857</b>

## **ADDITIONAL INFORMATION**

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
June 30, 2005

	<u>REMC</u>	<u>HOT LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT RETIREMENT</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>					
Cash	\$ 23,900	\$ 16,763	\$ 27,477		\$ 68,140
Investments	-	-	-	\$ 196,948	196,948
Accounts receivable	561	1,276	-	-	1,837
Due from other governmental units	16,494	765	-	-	17,259
Due from other funds	-	-	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 40,955</u></b>	<b><u>\$ 18,804</u></b>	<b><u>\$ 27,477</u></b>	<b><u>\$ 196,948</u></b>	<b><u>\$ 284,184</u></b>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>					
LIABILITIES:					
Accounts payable	\$ 1,098	\$ 120	\$ 1,428	\$ -	\$ 2,646
Accrued salaries & benefits	1,218	997	-	-	2,215
Accrued & withheld payroll taxes	257	224	-	-	481
Due to other funds	-	-	-	-	-
<b><u>TOTAL LIABILITIES</u></b>	<b><u>2,573</u></b>	<b><u>1,341</u></b>	<b><u>1,428</u></b>	<b><u>-</u></b>	<b><u>5,342</u></b>
FUND BALANCE:					
Undesignated	29,455	17,463			46,918
Designated for capital outlay			26,049		26,049
Designated for debt retirement				196,948	196,948
Designated for accumulated compensated absences	8,927				8,927
<b><u>TOTAL FUND BALANCE</u></b>	<b><u>38,382</u></b>	<b><u>17,463</u></b>	<b><u>26,049</u></b>	<b><u>196,948</u></b>	<b><u>278,842</u></b>
<b><u>TOTAL LIABILITIES &amp; FUND BALANCE</u></b>	<b><u>\$ 40,955</u></b>	<b><u>\$ 18,804</u></b>	<b><u>\$ 27,477</u></b>	<b><u>\$ 196,948</u></b>	<b><u>\$ 284,184</u></b>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>REMC</u>	<u>HOT LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT RETIREMENT</u>	<u>TOTAL</u>
REVENUE:					
Local sources	\$ 277,154	\$25,752	\$ 1,919	\$ 4,321	\$309,146
State sources	90,677	4,920	-	-	95,597
Federal sources	11,904	43,856	-	-	55,760
TOTAL REVENUE	<u>379,735</u>	<u>74,528</u>	<u>1,919</u>	<u>4,321</u>	<u>460,503</u>
EXPENDITURES:					
Current:					-
Supporting services	402,406				402,406
Food service activities		105,995			105,995
Transfer to other districts					-
Capital outlay			436,976		436,976
Debt service:					-
Principle redemption				-	-
Interest and fiscal charges				-	-
TOTAL EXPENDITURES	<u>402,406</u>	<u>105,995</u>	<u>436,976</u>	<u>-</u>	<u>945,377</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(22,671)</u>	<u>(31,467)</u>	<u>(435,057)</u>	<u>4,321</u>	<u>(484,874)</u>
OTHER FINANCING SOURCES (USES):					
Operating transfer in	5,650	30,800	-	96,313	132,763
Operating transfer (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,650</u>	<u>30,800</u>	<u>-</u>	<u>96,313</u>	<u>132,763</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(17,021)</u>	<u>(667)</u>	<u>(435,057)</u>	<u>100,634</u>	<u>(352,111)</u>
FUND BALANCE - JULY 1	<u>55,403</u>	<u>18,130</u>	<u>461,106</u>	<u>96,314</u>	<u>630,953</u>
FUND BALANCE - JUNE 30	<u>\$ 38,382</u>	<u>\$ 17,463</u>	<u>\$ 26,049</u>	<u>\$ 196,948</u>	<u>\$278,842</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property taxes - current levy	\$ 202,554	\$ 199,789	\$ (2,765)
Miscellaneous	23,140	21,760	(1,380)
Income on investment	<u>2,000</u>	<u>2,707</u>	<u>707</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>227,694</u>	<u>224,256</u>	<u>(3,438)</u>
REVENUE FROM STATE SOURCES:			
State aid	<u>567,624</u>	<u>529,367</u>	<u>(38,257)</u>
REVENUE FROM FEDERAL SOURCES:			
Title VI	<u>1,379</u>	<u>1,379</u>	<u>-</u>
SALE OF ASSETS	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFER FROM OTHER FUNDS	<u>1,000</u>	<u>5,371</u>	<u>4,371</u>
TOTAL REVENUE	<u><u>\$ 797,697</u></u>	<u><u>\$ 760,373</u></u>	<u><u>\$ (37,324)</u></u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
FEDERAL PROGRAMS:			
Media Material	\$ 440	\$ 440	\$ -
Purchased services	2,496	2,496	-
Inservice	<u>1,379</u>	<u>1,294</u>	<u>85</u>
Total Federal Programs	<u>4,315</u>	<u>4,230</u>	<u>85</u>
SUPPORTING SERVICES:			
General Education Services:			
Salaries	57,001	58,310	(1,309)
Employee benefits	30,066	30,009	57
Purchased services	6,450	5,901	549
Supplies & other	2,200	2,203	(3)
Miscellaneous	4,800	5,039	(239)
Capital outlay	<u>4,772</u>	<u>4,772</u>	<u>-</u>
Total General Education Services	<u>105,289</u>	<u>106,234</u>	<u>(945)</u>
Audio-visual:			
Purchased services	<u>11,729</u>	<u>11,729</u>	<u>-</u>
Board of Education:			
Salaries	2,000	1,710	290
Purchased services	1,775	1,591	184
Supplies & other	1,300	1,270	30
Miscellaneous	<u>2,166</u>	<u>2,166</u>	<u>-</u>
Total Board of Education	<u>7,241</u>	<u>6,737</u>	<u>504</u>
Pupil Accounting			
Salaries	28,850	28,849	1
Benefits	14,360	13,891	469
Purchased services	2,300	2,564	(264)
Supplies	<u>1,000</u>	<u>479</u>	<u>521</u>
Total Pupil Accounting	<u>46,510</u>	<u>45,783</u>	<u>726</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Executive Administration:			
Salaries	\$ 217,028	\$ 207,614	\$ 9,414
Employee benefits	87,391	81,901	5,490
Purchased services	29,500	30,434	(934)
Supplies and other	10,500	10,970	(470)
Capital outlay	11,600	43,296	(31,696)
Miscellaneous	59,761	37,957	21,804
Total Executive Administration	<u>415,780</u>	<u>412,172</u>	<u>3,608</u>
Fiscal Services:			
Employee benefits			-
Contracted services	24,844	13,911	10,933
Miscellaneous	800	682	118
Insurance	2,141	2,140	1
Total Fiscal Services	<u>27,785</u>	<u>16,733</u>	<u>11,052</u>
Operation and Maintenance:			
Salaries	17,106	17,382	(276)
Employee benefits	9,379	9,193	186
Utilities and telephone	7,900	6,915	985
Purchased services	100	-	100
Repairs and maintenance	3,800	2,909	891
Supplies & other	3,150	2,526	624
Capital outlay	1,800	-	1,800
Total Operation & Maintenance	<u>43,235</u>	<u>38,925</u>	<u>4,310</u>
Computer Specialist:			
Salaries	44,338	46,061	(1,723)
Employee benefits	26,623	24,723	1,900
Purchased services	26,124	26,829	(705)
Supplies & other	100	90	10
Capital outlay	7,750	-	7,750
Total Computer Specialist	<u>104,935</u>	<u>97,703</u>	<u>7,232</u>
TOTAL SUPPORTING SERVICES	<u>762,504</u>	<u>736,016</u>	<u>26,488</u>
TRANSFERS TO OTHER FUNDS	<u>162,585</u>	<u>162,585</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 929,404</u>	<u>\$ 902,831</u>	<u>\$ 26,573</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property tax levy	\$ 3,493,626	\$ 3,461,055	\$ (32,571)
Interest on delinquent tax	5,402	3,657	(1,745)
Interest on investment	20,000	23,243	3,243
Rentals	15,000	16,030	1,030
Transportation	18,000	19,514	1,514
Miscellaneous	85,800	127,246	41,446
Medicaid - SBS	750,000	895,477	145,477
Tuition & fees	-	-	-
TOTAL REVENUE FROM LOCAL SOURCES	<u>4,387,828</u>	<u>4,546,222</u>	<u>158,394</u>
REVENUE FROM STATE SOURCES:			
State aid - Section 26A, Renaissance	22,480	22,395	(85)
State aid - Section 51A	3,189,170	2,723,971	(465,199)
State aid - Section 53	2,688,524	2,858,033	169,509
State aid - Section 56	602,860	602,864	4
State aid - Section 81	406,951	406,951	-
State aid - GPDG 03-04			
State aid - Other	55,173	38,083	(17,090)
TOTAL REVENUE FROM STATE SOURCES	<u>6,965,158</u>	<u>6,652,297</u>	<u>(312,861)</u>
REVENUE FROM FEDERAL SOURCES:			
Title I	35,849	34,501	(1,348)
94-142 Flow through Title I	2,061,272	2,043,780	(17,492)
Preschool incentive	93,200	91,997	(1,203)
Infant & toddler	93,106	86,981	(6,125)
Transition MJCRS	40,000	41,405	1,405
Other sources	-	-	-
Medicaid Outreach & Transportation	103,515	135,858	32,343
TOTAL REVENUE FROM FEDERAL SOURCES	<u>2,426,942</u>	<u>2,434,522</u>	<u>7,580</u>
TOTAL REVENUE	<u>13,779,928</u>	<u>13,633,041</u>	<u>(146,887)</u>
OTHER FINANCING SOURCES:			
ISD & Miscellaneous revenue	450	255	(195)
Sale of Assets	500	-	(500)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 13,780,878</u>	<u>\$ 13,633,296</u>	<u>\$ (147,582)</u>



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTIONS:			
Added needs:			
Salaries:			
Teachers	\$ 1,187,300	\$ 1,185,902	\$ 1,398
Substitute teachers	17,300	13,268	4,032
Teachers aides	970,450	912,143	58,307
Substitute teachers aides	64,300	61,450	2,850
Interpreter	-	-	-
Employee benefits:			
Insurance	670,262	663,944	6,318
Retirement	344,890	326,991	17,899
FICA	177,431	169,602	7,829
Purchased services	97,013	113,426	(16,413)
Teaching supplies	35,145	29,090	6,055
Capital outlay	7,100	6,790	310
Foster grandparents	-	-	-
<b>TOTAL INSTRUCTION</b>	<u>3,571,191</u>	<u>3,482,606</u>	<u>88,585</u>
Supporting Services:			
Salaries	1,666,197	1,650,457	15,740
Employee benefits	808,633	798,547	10,086
Purchased services	489,702	466,408	23,294
Supplies & other	74,411	64,673	9,738
Capital outlay	11,300	10,649	651
Miscellaneous	38,168	29,006	9,162
<b>Supporting Services</b>	<u>3,088,411</u>	<u>3,019,740</u>	<u>68,671</u>
<b>TOTAL FEDERAL PROGRAMS</b>	<u>3,088,411</u>	<u>3,019,740</u>	<u>68,671</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES:			
Pupil Services:			
Music Therapy:			
Salaries	\$ 700	\$ -	\$ 700
Employee benefits	158	-	158
Supplies & other	2,000	2,031	(31)
Capital outlay	-	-	-
Miscellaneous	-	-	-
Nurse:			
Salaries	84,730	84,497	233
Employee benefits	48,081	46,430	1,651
Supplies & other	6,200	4,721	1,479
Physical Therapists:			
Salaries	93,500	92,311	1,189
Employee benefits	55,183	54,360	823
Purchased services	2,800	2,156	644
Supplies & other	1,800	1,349	451
Life Skills:			
Salaries	12,000	11,035	965
Employee Benefits	2,478	2,377	101
Purchased services	750	290	460
Supplies & other	3,450	1,791	1,659
Miscellaneous	4,700	4,066	634
Psychologists:			
Salaries	281,600	285,190	(3,590)
Employee benefits	99,217	96,757	2,460
Purchased services	23,800	22,225	1,575
Supplies & other	17,000	9,020	7,980
Speech Therapists:			
Salaries	410,000	388,224	21,776
Employee benefits	167,332	183,519	(16,187)
Purchased services	70,000	68,705	1,295
Supplies & other	18,000	16,770	1,230
Reading Specialist			
Salaries	16,595	17,003	(408)
Employee benefits	6,538	6,247	291
Purchased services	3,200	3,021	179
Supplies & other	200	-	200

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Audiologist:			
Salaries	\$ 96,500	\$ 93,061	\$ 3,439
Employee benefits	43,732	41,808	1,924
Purchased services	8,300	6,460	1,840
Supplies & other	14,700	11,936	2,764
Capital outlay	8,000	4,734	3,266
Occupational Therapists:			
Salaries	135,000	135,026	(26)
Employee benefits	53,278	52,235	1,043
Purchased services	4,300	2,299	2,001
Supplies & other	7,200	6,693	507
Social Workers:			
Salaries	328,141	329,387	(1,246)
Employee benefits	147,526	145,408	2,118
Purchased services	7,200	5,305	1,895
Supplies & other	14,200	10,585	3,615
Visually Impaired:			
Salaries	33,777	33,777	-
Employee benefits	15,002	14,804	198
Purchased services	35,000	19,455	15,545
Supplies & other	3,500	3,283	217
Capital outlay	-	-	-
Teacher Consultant:			
Salaries	693,305	663,447	29,858
Employee benefits	288,132	275,597	12,535
Purchased services	10,600	9,248	1,352
Supplies & other	12,500	11,046	1,454
Total Pupil Services	<u>3,391,905</u>	<u>3,279,689</u>	<u>112,216</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
General Administration:			
Salaries	\$ 496,799	\$ 494,213	\$ 2,586
Employee benefits	212,879	206,077	6,802
Purchased services	158,800	145,429	13,371
Supplies	59,700	55,256	4,444
Capital outlay	30,000	26,302	3,698
Miscellaneous	9,600	4,877	4,723
Total General Administration	<u>967,778</u>	<u>932,154</u>	<u>35,624</u>
School Administration:			
Salaries	298,500	284,593	13,907
Employee benefits	131,885	119,154	12,731
Purchased services	59,400	47,752	11,648
Supplies & other	40,600	38,169	2,431
Capital outlay	36,200	28,145	8,055
Miscellaneous	12,000	6,736	5,264
Total School Administration	<u>578,585</u>	<u>524,549</u>	<u>54,036</u>
Operation & Maintenance:			
Salaries	192,564	194,691	(2,127)
Employee benefits	103,621	96,359	7,262
Telephone	4,000	2,952	1,048
Utilities	30,100	24,224	5,876
Repairs & maintenance	21,000	18,048	2,952
Custodial supplies	92,200	97,382	(5,182)
Capital outlay	280,500	264,352	16,148
Total Operation & Maintenance	<u>723,985</u>	<u>698,008</u>	<u>25,977</u>
Pupil Transportation:			
Salaries	627,514	583,301	44,213
Employee benefits	321,290	299,101	22,189
Insurance	10,000	9,981	19
Repairs & maintenance	30,000	25,824	4,176
Leased payments	13,000	11,149	1,851
Gas, oil, & grease	80,000	84,778	(4,778)
Private auto	30,000	29,222	778
Capital outlay	67,000	67,291	(291)
Supplies	34,500	32,927	1,573
Total Pupil Transportation	<u>1,213,304</u>	<u>1,143,574</u>	<u>69,730</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Other Business Services:			
Professional services	\$ 40,400	\$ 40,412	\$ (12)
Interest	7,100	6,546	554
Workers compensation & unemployment	23,000	21,130	1,870
Misc. - property tax rebates	5,000	4,899	101
Total Other Business Services	<u>75,500</u>	<u>72,987</u>	<u>2,513</u>
TOTAL SUPPORTING SERVICES	<u>6,951,057</u>	<u>6,650,961</u>	<u>300,096</u>
TRANSFERS TO OTHER FUNDS	84,382	75,240	9,142
TRANSFERS TO OTHER DISTRICTS	<u>210,850</u>	<u>210,850</u>	<u>-</u>
TOTAL EXPENDITURES	<u><u>\$ 13,905,891</u></u>	<u><u>\$ 13,439,397</u></u>	<u><u>\$ 457,352</u></u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**TUSCOLA TECHNOLOGY FUND -**  
**SCHEDULE OF REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property taxes	\$ 2,071,074	\$ 2,331,696	\$ 260,622
Taxes - other			-
Interest on investments	13,480	14,222	742
Program sales	226,455	223,452	(3,003)
Tuition & fees	167,956	163,535	(4,421)
Rentals	215,185	219,409	4,224
Miscellaneous	4,408	6,566	2,158
TOTAL REVENUE FROM LOCAL SOURCES	<u>2,698,558</u>	<u>2,958,880</u>	<u>260,322</u>
REVENUE FROM STATE SOURCES:			
Administrative	10,664	37,077	26,413
Added costs	273,709	273,709	-
Millage grant	579,309	579,309	-
Section 26A - Renaissance zone	15,052	15,077	25
Section 81	266,602	266,602	-
Other State Sources	75,250	49,819	(25,431)
TOTAL REVENUE FROM STATE SOURCES	<u>1,220,586</u>	<u>1,221,593</u>	<u>1,007</u>
REVENUE FROM FEDERAL SOURCES:			
Regional allocation	124,782	124,781	(1)
Curriculum development	4,286	4,286	-
Incumbent worker	-	-	-
Staffing grant	290,301	262,244	(28,057)
Tech prep	33,856	33,856	-
Other	220,744	211,988	(8,756)
REVENUE FROM FEDERAL SOURCES	<u>673,969</u>	<u>637,155</u>	<u>(36,814)</u>
TRANSFERS FROM OTHER FUNDS	<u>50,491</u>	<u>-</u>	<u>(50,491)</u>
OTHER FINANCING SOURCES			
Contributions	-	26,000	
Sale of assets	-	-	-
TOTAL TUSCOLA TECHNOLOGY EDUCATION REVENUE	<u>\$ 4,643,604</u>	<u>\$ 4,843,628</u>	<u>\$ 200,024</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**TUSCOLA TECHNOLOGY FUND -**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Added Needs:			
Salaries			
Teachers	\$ 1,138,832	\$ 1,132,826	\$ 6,006
Substitute teachers	9,827	9,002	825
Director			-
Secretary	34,042	30,355	3,687
Employee benefits	591,011	588,668	2,343
Purchased services	56,125	55,198	927
Teaching supplies & other	308,767	302,898	5,869
Capital outlay	2,738	28,737	(25,999)
Miscellaneous	4,918	3,932	986
Total Added Needs	<u>2,146,260</u>	<u>2,151,616</u>	<u>(5,356)</u>
Customized Training:			
Salaries			
Supervisor	41,485	41,482	3
Teacher	17,200	19,639	(2,439)
Secretary	21,302	21,058	244
Employee benefits	18,928	19,436	(508)
Purchased services	40,006	41,265	(1,259)
Teaching supplies & textbooks	16,177	15,585	592
Miscellaneous	486	486	-
Capital Outlay	3,781	3,780	1
Total Customized Training	<u>159,365</u>	<u>162,731</u>	<u>(3,366)</u>
TOTAL INSTRUCTION	<u>2,305,625</u>	<u>2,314,347</u>	<u>(8,722)</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**TUSCOLA TECHNOLOGY FUND -**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
FEDERAL PROGRAMS:			
Instructional:			
Salaries	\$ 16,221	\$ 16,320	\$ (99)
Employee benefits	3,328	3,514	(186)
Purchased services	13,189	10,268	2,921
Supplies & other	11,393	16,081	(4,688)
Capital outlay	-	-	-
Total Instructional	<u>44,131</u>	<u>46,183</u>	<u>(2,052)</u>
Supporting Services:			
Salaries	393,794	395,075	(1,281)
Employee benefits	169,525	162,699	6,826
Purchased services	170,253	147,741	22,512
Supplies & other	48,797	37,201	11,596
Capital outlay	10,640	10,578	62
Miscellaneous	6,630	6,346	284
Total Supporting Services	<u>799,639</u>	<u>759,640</u>	<u>39,999</u>
TOTAL FEDERAL PROGRAMS	<u>843,770</u>	<u>805,823</u>	<u>37,947</u>
SUPPORTING SERVICES:			
Cooperative Coordinator:			
Salaries	92,509	91,496	1,013
Employee benefits	34,968	33,116	1,852
Purchased services	1,300	1,260	40
Supplies & other	2,322	1,724	598
Capital outlay	-	-	-
Miscellaneous	174	75	99
Total Cooperative Coordinator	<u>131,273</u>	<u>127,671</u>	<u>3,602</u>
General Administration:			
Salaries	192,203	192,639	(436)
Employees benefits	79,282	77,401	1,881
Purchased services	8,448	7,908	540
Supplies & other	4,525	5,771	(1,246)
Capital outlay	3,001	3,000	1
Miscellaneous	1,504	1,550	(46)
Total General Administration	<u>288,963</u>	<u>288,269</u>	<u>694</u>



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**TUSCOLA TECHNOLOGY FUND -**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Office of the Principal:			
Salaries	\$ 274,550	\$ 274,082	\$ 468
Employee benefits	129,767	129,481	286
Purchased services	7,155	6,746	409
Supplies & other	5,844	5,878	(34)
Capital outlay	1,393	1,393	-
Miscellaneous	1,245	1,080	165
Total Office of the Principal	<u>419,954</u>	<u>418,660</u>	<u>1,294</u>
TTC Services:			
Purchased services	84,310	67,453	16,857
Supplies & other	19,801	15,678	4,123
Capital outlay	10,213	5,220	4,993
Total TTC Services	<u>114,324</u>	<u>88,351</u>	<u>25,973</u>
Data Processing:			
Salaries	163,170	172,238	(9,068)
Employee benefits	92,232	87,753	4,479
Purchased services	18,170	18,506	(336)
Supplies & other	2,215	2,154	61
Capital Outlay	-	-	-
Miscellaneous	-	-	-
Total Data Processing	<u>275,787</u>	<u>280,651</u>	<u>(4,864)</u>
Operation & Maintenance:			
Salaries - Supervisors	27,784	27,783	1
Salaries - Secretary	164,115	172,553	(8,438)
Employee benefits	95,364	97,101	(1,737)
Telephone & sewage	7,470	7,736	(266)
Utilities	92,735	102,498	(9,763)
Purchased services	22,755	22,636	119
Supplies & other	8,650	9,432	(782)
Capital Outlay	250	250	-
Total Operation & Maintenance	<u>419,123</u>	<u>439,989</u>	<u>(20,866)</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**TUSCOLA TECHNOLOGY FUND -**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Other Supporting Services:			
Professional service	\$ 14,402	\$ 15,301	\$ (899)
Insurance	18,404	18,402	2
Unemployment & workers compensation	7,032	7,032	-
Miscellaneous	<u>8,987</u>	<u>9,999</u>	<u>(1,012)</u>
Total Other Supporting Services	<u>48,825</u>	<u>50,734</u>	<u>(1,909)</u>
TOTAL SUPPORTING SERVICES	1,698,249	1,694,325	3,924
TRANSFERS TO OTHER FUNDS	19,807	19,807	-
TRANSFERS TO OTHER DISTRICTS	30,684	30,684	-
TOTAL TUSCOLA TECHNOLOGY EDUCATION FUND EXPENDITURES	<u>\$4,898,135</u>	<u>\$4,864,986</u>	<u>\$ 33,149</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REGIONAL EDUCATION MEDIA CENTER**  
**SCHEDULE OF REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Assessments from participating schools	\$ 116,869	\$ 116,869	\$ -
Equipment repair	11,000	10,695	(305)
Cooperative purchasing	2,900	2,860	(40)
Miscellaneous	-	-	-
Thumb Area T.V. Project	28,000	18,385	(9,615)
TCOM Project	110,000	112,881	2,881
Audio visual services	15,000	14,611	(389)
Interest on investments	700	853	153
TOTAL REVENUE FROM LOCAL SOURCES	<u>284,469</u>	<u>277,154</u>	<u>(7,315)</u>
REVENUE FROM STATE SOURCES:			
State aid	<u>48,959</u>	<u>90,677</u>	<u>41,718</u>
REVENUE FROM FEDERAL SOURCES:			
Title VI	<u>11,904</u>	<u>11,904</u>	<u>-</u>
TRANSFERS FROM OTHER FUNDS	<u>5,650</u>	<u>5,650</u>	<u>-</u>
TOTAL REVENUE	<u>\$ 350,982</u>	<u>\$ 385,385</u>	<u>\$ 34,403</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT  
REGIONAL EDUCATION MEDIA CENTER  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Audio-visual:			
Salaries	\$ 154,236	\$ 161,614	\$ (7,378)
Employee benefits	72,733	74,493	(1,760)
Contracted services - computer	4,975	4,350	625
Purchased services	9,021	9,048	(27)
Supplies & other	900	702	198
Miscellaneous	<u>2,609</u>	<u>2,774</u>	<u>(165)</u>
Total Audio-Visual	<u>244,474</u>	<u>252,981</u>	<u>(8,507)</u>
TV Services:			
Purchased services	126,500	92,359	34,141
Electricity	1,500	1,356	144
Supplies	17,554	17,554	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total TV Services	<u>145,554</u>	<u>111,269</u>	<u>34,285</u>
Other Staff Services:			
Employee benefits			-
Purchased services	7,000	8,024	(1,024)
Supplies & other	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Staff Services	<u>7,000</u>	<u>8,024</u>	<u>(1,024)</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**REGIONAL EDUCATION MEDIA CENTER**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Fiscal & Internal Services:			
Purchased services	\$ 4,200	\$ 4,256	\$ (56)
Supplies & other	-	-	-
Capital outlay	400	293	107
Total Fiscal & Internal Services	<u>4,600</u>	<u>4,549</u>	<u>51</u>
Operation & Maintenance:			
Vehicle repair	3,800	3,457	343
Telephone	5,700	6,839	(1,139)
Contract services	5,279	4,330	949
Utilities	8,900	8,611	289
Supplies & other	1,900	2,346	(446)
Total Operation & Maintenance	<u>25,579</u>	<u>25,583</u>	<u>(4)</u>
TOTAL SUPPORTING SERVICES	<u>427,207</u>	<u>402,406</u>	<u>24,801</u>
TOTAL EXPENDITURES	<u>\$ 427,207</u>	<u>\$ 402,406</u>	<u>\$ 24,801</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**COOPERATIVE EDUCATION FUND**  
**SCHEDULE OF REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Interest	\$ 500	\$ 340	\$ (160)
Truancy fees	40,300	40,300	-
Health Ed workshop fees	15,000	21,962	6,962
TCCF healthy arts	8,795	8,795	-
Miscellaneous	220,696	244,946	24,250
TOTAL REVENUE FROM LOCAL SOURCES	<u>285,291</u>	<u>316,343</u>	<u>31,052</u>
REVENUE FROM STATE SOURCES:			
Academically talented	11,953	12,762	809
Career prep implementation	59,811	15,457	(44,354)
Reading improvement	-	980	980
Michigan Virtual University Grant	100,000	100,000	-
Miscellaneous	-	-	-
TOTAL REVENUE FROM STATE SOURCES	<u>171,764</u>	<u>129,199</u>	<u>(42,565)</u>
REVENUE FROM FEDERAL SOURCES:			
Drug free grants	212,029	228,800	16,771
Health Ed Medicaid Portion	-	20,248	20,248
Emergency response/school safety	161,565	134,103	(27,462)
Abstinence program	317,675	150,414	(167,261)
MI Safe schools	130,177	126,416	(3,761)
TOTAL REVENUE FROM FEDERAL SOURCES	<u>821,446</u>	<u>659,981</u>	<u>(161,465)</u>
OTHER FINANCING SOURCES:			
Transfers from other funds	124,869	124,869	-
TOTAL OTHER FINANCING SOURCES	<u>124,869</u>	<u>124,869</u>	<u>-</u>
TOTAL REVENUE	<u>\$ 1,403,370</u>	<u>\$ 1,230,392</u>	<u>\$ (172,978)</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT  
COOPERATIVE EDUCATION FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>FEDERAL PROGRAMS:</b>			
Drug Free Grants:			
Salaries	\$ 61,645	\$ 62,409	\$ (764)
Employee benefits	31,081	31,054	27
Purchased services	4,050	1,651	2,399
Supplies & other	1,500	96	1,404
Miscellaneous	289	375	
Transfer	-	-	-
Total Drug Free Grants	<u>98,565</u>	<u>95,585</u>	<u>2,980</u>
<b>TOTAL FEDERAL PROGRAMS</b>	<u>98,565</u>	<u>95,585</u>	<u>2,980</u>
<b>SUPPORTING SERVICES:</b>			
Health grants:			
Salaries	28,979	24,004	4,975
Employee benefits	10,588	8,650	1,938
Purchased services	30,822	24,691	6,131
Supplies & other	6,000	4,108	1,892
Capital outlay	-	-	-
Miscellaneous	2,762	448	2,314
Transfers	-	-	-
Total Health Grants	<u>79,151</u>	<u>61,901</u>	<u>17,250</u>
Abstinence program:			
Transfers	-	-	-
Academically Talented:			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	-	1	(1)
Supplies & other	700	655	45
Miscellaneous	<u>575</u>	<u>320</u>	<u>255</u>
Total Academically Talented	<u>1,275</u>	<u>976</u>	<u>299</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**COOPERATIVE EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Professional Development:			
Salaries	\$ 11,728	\$ 11,728	\$ -
Employee benefits	8,137	7,245	892
Purchased services	53,648	50,613	3,035
Supplies & other	-	-	-
Miscellaneous	4,768	5,001	(233)
Total Professional Development	<u>78,281</u>	<u>74,587</u>	<u>3,694</u>
Tuscola Consortium Reading Recovery:			
Salaries	25,526	26,227	(701)
Employee benefits	11,867	11,862	5
Purchased services	3,600	3,917	(317)
Supplies & other	1,000	995	5
Miscellaneous	750	500	250
Transfers	-	-	-
Total Tuscola Consortium Reading Recovery	<u>42,743</u>	<u>43,501</u>	<u>(758)</u>
ECMEC:			
Salaries	48,222	48,224	(2)
Employee benefits	26,574	26,661	(87)
Purchased services	49,519	7,767	41,752
Supplies & other	17,200	17,304	(104)
Miscellaneous	1,101	601	500
Total ECMEC	<u>142,616</u>	<u>100,557</u>	<u>42,059</u>
TCCF-Healthy Arts			
Salaries	6,219	457	5,762
Employee benefits	2,576	726	1,850
Total TCCF Healthy Arts	<u>8,795</u>	<u>1,183</u>	<u>7,612</u>
Truancy			
Purchased services	39,140	40,364	(1,224)
Miscellaneous	1,160	-	1,160
Total Truancy	<u>40,300</u>	<u>40,364</u>	<u>(64)</u>
Michigan Virtual University Grant			
Salaries	8,160	8,159	1
Employee benefits	3,306	3,343	(37)
Purchased services	88,534	53,113	35,421
Supplies & other	-	-	-
Miscellaneous	-	-	-
Total Michigan Virtual University Grant	<u>100,000</u>	<u>64,615</u>	<u>35,385</u>



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**COOPERATIVE EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
MI Safe Schools Initiative			
Purchased services	\$ 210,205	\$ 210,239	\$ (34)
Miscellaneous	<u>1,824</u>	<u>1,824</u>	<u>-</u>
Total MI Safe Schools Initiative	<u>212,029</u>	<u>212,063</u>	<u>(34)</u>
Instructional Technology			
Salaries	12,804	12,804	-
Employee benefits	8,890	8,816	74
Purchased services	38,394	41,464	(3,070)
Supplies & other	<u>1,500</u>	<u>765</u>	<u>735</u>
Total Instructional Technology	<u>61,588</u>	<u>63,849</u>	<u>(2,261)</u>
Emergency Response/School Safety			
Salaries	46,423	46,608	(185)
Employee benefits	18,397	18,344	53
Purchased services	103,813	1,147	102,666
Supplies & other	<u>5,000</u>	<u>5,034</u>	<u>(34)</u>
Total Emergency Response/School Safety	<u>173,633</u>	<u>71,133</u>	<u>102,500</u>
Reading First			
Salaries	16,423	16,895	(472)
Employee benefits	7,997	8,043	(46)
Purchased services	580	107	473
Miscellaneous	<u>-</u>	<u>166</u>	<u>(166)</u>
Total Reading First	<u>25,000</u>	<u>25,211</u>	<u>(211)</u>
Tri-County Literacy			
Purchased services	2,971	300	2,671
Miscellaneous	<u>29</u>	<u>28</u>	<u>1</u>
Total Tri-County Literacy	<u>3,000</u>	<u>328</u>	<u>2,672</u>
Other Supporting Services:			
Employee benefits	-	1,093	(1,093)
Purchased services	-	1,633	(1,633)
Supplies & other	<u>3,500</u>	<u>2,727</u>	<u>773</u>
Total Other Supporting Services	<u>3,500</u>	<u>5,453</u>	<u>(1,953)</u>
TOTAL SUPPORTING SERVICES	<u>971,911</u>	<u>765,721</u>	<u>206,190</u>
TRANSFERS TO OTHER FUNDS	10,241	5,371	4,870
TRANSFERS TO OTHER DISTRICTS	<u>327,052</u>	<u>265,258</u>	<u>61,794</u>
TOTAL EXPENDITURES	<u>\$ 1,407,769</u>	<u>\$ 1,131,935</u>	<u>\$ 275,834</u>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**HOT LUNCH FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Local:			
Meals	\$ 14,700	\$ 14,505	\$ (195)
Interest	30	28	(2)
Miscellaneous	12,720	11,219	(1,501)
Total Local	27,450	25,752	(1,698)
State aid	5,062	4,920	(142)
Federal aid	39,000	43,856	4,856
TOTAL REVENUE	71,512	74,528	3,016
EXPENDITURES:			
Food	38,739	35,969	2,770
Milk	4,800	5,103	(303)
Federal food allocation	5,400	5,800	(400)
Salaries	33,000	33,408	(408)
Employee benefits	13,908	13,794	114
Purchased service	3,610	3,674	(64)
Miscellaneous supplies	4,700	4,835	(135)
Capital outlay	3,450	3,412	38
Miscellaneous	100	-	100
TOTAL EXPENDITURES	107,707	105,995	1,712
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	(36,195)	(31,467)	4,728
OTHER FINANCING SOURCES:			
Operating transfers from other funds		30,800	30,800
EXCESS (DEFICIT) OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ (36,195)</u>	<u>(667)</u>	<u>\$ 35,528</u>
FUND BALANCE - JULY 1		18,130	
FUND BALANCE - JUNE 30		<u>\$ 17,463</u>	

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2005**

**ASSETS**

Cash	\$ 27,477
Investments	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 27,477</u></u></b>

**LIABILITIES & FUND BALANCE**

LIABILITIES:

Accounts payable	\$ 1,428
Due to other funds	<u>-</u>

TOTAL LIABILITIES	<u>1,428</u>
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FUND BALANCE:

Undesignated	<u>26,049</u>
--------------	---------------

TOTAL FUND BALANCE	<u>26,049</u>
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<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u><u>\$ 27,477</u></u></b>
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**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Interest on investments	<u>                    </u>	<u>\$    1,919</u>	<u>\$            1,919</u>
TOTAL REVENUE	<u>                    -</u>	<u>            1,919</u>	<u>            1,919</u>
EXPENDITURES:			
Capital outlay	<u>\$ 443,638</u>	<u>436,976</u>	<u>            6,662</u>
TOTAL EXPENDITURES	<u>443,638</u>	<u>436,976</u>	<u>            6,662</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u><u>\$ (443,638)</u></u>	<u><u>(435,057)</u></u>	<u><u>\$            8,581</u></u>
FUND BALANCE - JULY 1		<u>461,106</u>	
FUND BALANCE - JUNE 30		<u><u>\$ 26,049</u></u>	

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT  
TUSCOLA TECHNOLOGY STUDENT ACTIVITY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

	<b>DUE TO STUDENT ACTIVITIES &amp; OTHER ORGANIZATIONS June 30, 2004</b>	<b>RECEIPTS</b>	<b>DISBURSEMENTS</b>	<b>DUE TO STUDENT ACTIVITIES &amp; OTHER ORGANIZATIONS June 30, 2005</b>
<b>TOTAL AGENCY FUND</b>	<b>\$ 43,187</b>	<b>\$ 107,354</b>	<b>\$ 110,746</b>	<b>\$ 39,795</b>

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF BONDED DEBT - 1998 ISSUE**  
June 30, 2005

\$547,514 Durant Bond issued November 24, 1998:

<b>PRINCIPAL DUE</b> <b>MAY 15</b>	<b>INTEREST DUE</b> <b>MAY 15</b>	<b>DEBT SERVICE REQUIREMENT</b> <b>FOR FISCAL YEAR</b>	
		<b>JUNE 30</b>	<b>AMOUNT</b>
\$ 26,502	\$ 11,947	2006	\$ 38,449
126,640	54,791	2007	181,431
29,086	9,363	2008	38,449
30,471	7,978	2009	38,449
31,920	6,527	2010	38,447
33,441	5,008	2011	38,449
35,031	3,415	2012	38,446
36,697	1,747	2013	38,444
<b>\$ 349,788</b>	<b>\$ 100,776</b>		<b>\$ 450,564</b>

The above bond issue bears interest at 4.76%. The bond proceeds were used for furnishing and equipping the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid Payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority's Depository.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**

ADDITIONAL REPORTS REQUIRED  
BY OMB CIRCULAR A-133

YEAR ENDED JUNE 30, 2005

## CONTENTS

### Page Number

*Report On Internal Control Over Financial Reporting and On Compliance  
and Other Matters Based On An Audit of Financial Statements Performed  
In Accordance With Government Auditing Standards*

1

*Report On Compliance With Requirements Applicable To Each Major  
Program and Internal Control Over Compliance In Accordance With  
OMB Circular A-133.*

2 & 3

*Schedule of Expenditures Of Federal Awards*

4 - 7

*Notes to Schedule of Expenditures of Federal Awards*

8 - 10

*Schedule of Findings and Questioned Costs*

11

*Schedule of Prior Audit Findings*

12





Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

August 31, 2005

To the Board of Education  
Tuscola Intermediate School District  
Caro, MI 48723

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tuscola Intermediate School District as of and for the year ended June 30, 2005, which collectively comprise Tuscola Intermediate School District's basic financial statements of the District's primary government and have issued our report thereon dated August 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Tuscola Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Tuscola Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

August 31, 2005

To the Board of Education  
Tuscola Intermediate School District  
Caro, MI 48723

**COMPLIANCE**

We have audited the compliance of Tuscola Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Tuscola Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Tuscola Intermediate School District's management. Our responsibility is to express an opinion on Tuscola Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tuscola Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Tuscola Intermediate School District's compliance with those requirements.

In our opinion, Tuscola Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

To the Board of Education  
August 31, 2005

#### **INTERNAL CONTROL OVER COMPLIANCE**

The management of Tuscola Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Tuscola Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tuscola Intermediate School District as of and for the year ended June 30, 2005, and have issued our report thereon dated August 31, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Tuscola Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
Title I	84.010	0515300405	\$ 9,139	\$ -	\$ -	\$ 9,139	\$ 9,139	-
		0415300304	9,609	9,376	9,376	9,609	233	-
			18,748	9,376	9,376	18,748	9,372	-
Title V	84.298	0402500304	14,664	14,664	14,664	14,664	-	-
		0502500405	12,131	-	-	12,131	12,131	-
			26,795	14,664	14,664	26,795	12,131	-
Public Law 94-142	84.027 *	0404500304	2,041,973	61,851	1,549,809	554,015	492,164	-
		0504500405	2,320,506			1,370,164	1,398,509	28,345
		040490TS	70,000	14,430	70,000	14,430	-	-
		050490TS	70,000			70,000	70,000	-
		050490CB	29,313			29,313	29,313	-
		040480TMT	13,853	1,640	13,853		-	-
		050480TMT	13,794			13,794	13,794	-
		050480EOSD	40,000			40,000	40,000	-
			4,599,439	77,921	1,633,662	2,093,356	2,043,780	28,345
Preschool Incentive	84.173 *	0404600304	121,060	14,508	121,060	14,508	-	-
		0504600405	120,518			89,752	91,997	2,245
			241,578	14,508	121,060	104,260	91,997	2,245
Infant/Toddler	84.181	041340190	96,380	1,915	92,758	5,537	3,622	-
		051340190	93,106			80,151	83,359	3,208
			189,486	1,915	92,758	85,688	86,981	3,208
Vocational Education	84.048	033350401511	20,000	20,000	20,000	20,000	-	-
		0433504015	101,720	5,520	28,383	51,851	46,331	-
			121,720	25,520	48,383	71,851	46,331	-
Title II A	84.367	0405200304	1,111	611	611	611	-	-
		0505200405	1,152	-	-	1,152	1,152	-
			2,263	611	611	1,763	1,152	-

\* = cluster

(Continued)

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF EDUCATION:								
Passed through Michigan Dept. of Education:								
Drug Free Grant	84.186	0428600304 0428600405 528600405	\$ 121,647 26,766 134,799 283,212	\$ 50,828 - - 50,828	\$ 121,647 - - 121,647	\$ 50,828 26,766 101,914 179,508	\$ - 26,766 107,337 134,103	- - \$ 5,423 5,423
Passed through Sanilac ISD:								
Secondary CTE Perkins	84.048	401211 501211	127,649 124,781 252,430	12,955 - 12,955	114,694 - 114,694	12,955 124,781 137,736	- 124,781 124,781	- - -
Passed through Michigan Jobs Commission:								
MJC Rehabilitation Services	84.126	MDCD-RS-05 MDCD-RS-04	41,405 52,500 93,905	- 1,800 1,800	- 52,500 52,500	38,595 1,800 40,395	41,405 - 41,405	2,810 - 2,810
Passed through Huron ISD:								
Tech Prep - Perkins	84.243	401411 501411	42,156 33,856 76,012	42,156 - 42,156	42,156 - 42,156	42,156 4,944 47,100	- 33,856 33,856	- 28,912 28,912
Entrepreneurship Grant	84.048	5016-6	17,138	-	-	-	17,138	17,138
Passed through Lapeer ISD:								
Adult Ed & Family Literacy	84.002	411083041130 511085051130	36,500 36,500 73,000	4,371 - 4,371	36,500 - 36,500	4,371 32,119 36,490	- 36,500 36,500	- 4,381 4,381

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF EDUCATION:								
Passed through Vassar Community Schools Title I	84.010	0417000405	\$ 26,477	\$ -	\$ -	\$ 26,477	\$ 25,129	\$ (1,348)
USDE-Direct Flow-Through Safe & Drug Free Schools - National	84.184	Q184E030029	479,998	-	162,954	149,036	150,414	1,378
TOTAL U.S. DEPARTMENT OF EDUCATION			6,502,201	- 256,625	- 2,450,965	- 3,019,203	- 2,855,070	- 92,492
U.S. DEPARTMENT OF AGRICULTURE:								
Passed through M.D.E. Commodity: Supplemental Food Program	10.550		4,172	-	-	4,172	4,172	-
National School Lunch	10.555		-	1,493	-	38,273	38,056	1,276
Bonus Commodity	10.565		1,628	-	-	1,628	1,628	-
			5,800	1,493	-	44,073	43,856	1,276
Passed through Thumb Area Michigan Works: Staffing Grant	10.561		422	-	-	422	422	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			6,222	1,493	-	44,495	44,278	1,276

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES: Passed through Michigan Department of Social Services:								
Medicaid Cluster:	93.778							
Transportation			\$ 30,711	\$ 3,889	\$ -	\$ 31,842	\$ 30,711	\$ 2,758
Administrative Outreach - new			59,492	-	-	96,633	96,633	-
Administrative Outreach - old			2,014	-	-	8,514	8,514	-
			<u>92,217</u>	<u>3,889</u>	<u>-</u>	<u>136,989</u>	<u>135,858</u>	<u>2,758</u>
Passed through Michigan Department of Community Health:								
Michigan Abstinence Partnership Program	93.235	04-05 03-04	127,500	-	-	74,150	102,679	28,529
			<u>127,500</u>	<u>33,572</u>	<u>103,763</u>	<u>57,309</u>	<u>23,737</u>	<u>-</u>
			<u>255,000</u>	<u>33,572</u>	<u>103,763</u>	<u>131,459</u>	<u>126,416</u>	<u>28,529</u>
Health Ed - Medicaid portion	93.778		33,919	-	-	20,249	20,249	-
Passed through Thumb Area Michigan Works: T.A.N.F.	93.558		23,667	-	-	23,667	23,667	-
			<u>404,803</u>	<u>37,461</u>	<u>103,763</u>	<u>312,364</u>	<u>306,190</u>	<u>31,287</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>								
U.S. DEPARTMENT OF LABOR: Passed through Thumb Area Michigan Works:								
Reed	Unknown	TAMWA	69,604	-	-	39,978	69,604	29,626
WIA Youth Activities	17.259	TAMWA	44,203	-	-	44,203	44,203	-
Employment Services	17.207	TAMWA	42,025	-	-	42,025	42,025	-
Employment Services	17.207	TAMWA	102,539	13,765	90,909	13,765	-	-
WIA Adult Program	17.258	TAMWA	51,763	-	-	51,763	51,763	-
Career Prep 2004	17.259	TAMWA-04	82,500	23,245	75,915	23,245	-	-
Career Prep 2005	17.259	TAMWA-05	82,500	-	-	53,635	70,199	16,564
Summer Youth 2003	17.259	TAMWA	50,000	16,360	34,975	16,360	-	-
Summer Youth 2004	17.259	TAMWA	50,000	30,714	45,714	35,000	4,286	-
Summer Youth 2005	17.259	TAMWA	50,000	-	-	10,000	41,820	31,820
Dislocated Worker	17.26	TAMWA	30,558	-	-	30,559	30,559	-
			<u>655,692</u>	<u>84,084</u>	<u>247,513</u>	<u>360,533</u>	<u>354,459</u>	<u>78,010</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>								
U.S. DEPARTMENT OF HOMELAND SECURITY Passed through Michigan State Police: 2003 Homeland Security Grant	97.004		301,000	70,391	70,391	299,191	228,800	-
			<u>301,000</u>	<u>70,391</u>	<u>70,391</u>	<u>299,191</u>	<u>228,800</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>								
<b>GRAND TOTAL</b>			<u>\$ 7,869,918</u>	<u>\$ 450,054</u>	<u>\$ 2,872,632</u>	<u>\$ 4,035,786</u>	<u>\$ 3,788,797</u>	<u>\$ 203,065</u>

The accompanying notes are an integral part of this schedule.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<u>PASS-THROUGH GRANTEE</u>	<u>CFDA NUMBER</u>	<u>STATE PASS-THROUGH NUMBER</u>	<u>CURRENT YEAR PASS-THROUGH</u>
<u>DRUG FREE SCHOOLS &amp; COMMUNITIES</u>	84.186	052860/0405	
Akron-Fairgrove			\$ 1,436
Bay Arenac			357
Carsonville-Port Sanilac			2,286
Caseville			832
Cass City			4,502
Croswell-Lexington			2,778
Kingston			2,500
Marlette			5,308
Millington			4,007
North Huron			1,922
Peck			1,507
Ubly			2,298
Unionville-Sebewaing			1,487
Vassar			2,500
			<u>\$ 33,720</u>
<u>SAFE &amp; DRUG FREE SCHOOLS-NATIONAL</u>	84.184	Q184E030029	
Saginaw Intermediate			\$ 55,844
Bay Arenac Intermediate			4,341
Huron Intermediate			1,245
Sanilac Intermediate			16,966
			<u>\$ 78,396</u>
<u>2003 HOMELAND SECURITY</u>	97.004		
Saginaw Intermediate			<u>\$ 89,769</u>
<u>HANDICAPPED PRESCHOOL &amp; SCHOOL PROGRAM</u>	84.027	050480/TMT	
Huron Intermediate			\$ 1,710
Sanilac Intermediate			2,640
			<u>\$ 4,350</u>
<u>VOC ED BASIC GRANTS TO STATES</u>	84.048	0433501/4015	
Maricopa County			<u>\$ 2,000</u>



**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<b><u>PASS-THROUGH GRANTEE</u></b>	<b><u>CFDA NUMBER</u></b>	<b><u>STATE PASS-THROUGH NUMBER</u></b>	<b><u>CURRENT YEAR PASS-THROUGH</u></b>
<b><u>TECH PREP - PERKINS (FROM HURON ISD)</u></b>	84.243	501411	
Akron-Fairgrove			\$ 3,313
Caro			2,689
Cass City			2,701
Kingston			2,000
Mayville			2,140
Millington			2,135
Sanilac Intermediate			301
USA			1,998
Vassar			2,000
			<hr/>
			\$ 19,277
			<hr/>

The accompanying notes are an integral part of this schedule.

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lewis Cass Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. IDEA 94-142, CFDA #84.027 & 84.173 Cluster and Safe & Drug-free Schools, CFDA #84.184 were audited as major programs and represent 60% of expenditures.
2. The threshold for distinguishing Type A and B programs was \$300,000.
3. Expenditures on this schedule reconcile with amounts reported in the financial statements and financial reports submitted to the Michigan Department of Education.
4. Management has utilized the R7120, Grant Section Auditors' Report, in preparing the schedule of expenditures of federal awards.
5. The amounts reported on the Receipt Entitlement Balance Report agree with this schedule for USDA donated food commodities.

**NOTE 3 – RECONCILIATION OF FEDERAL REVENUE**

The current year expenditures on the Schedule of Expenditures of Federal Awards agrees to the federal revenue reported in the financial statements, as follows:

Federal revenue per financial statements	\$3,788,797
Federal expenditures per Schedule of Federal Awards	\$3,788,797

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Section I – Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

**CFDA Number(s)**  
84.027 & 84.173 Cluster  
84.184

**Name of Federal Program or Cluster**  
IDEA 94-142  
Safe & Drug-free Schools

Dollar threshold used to distinguish between type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

**TUSCOLA INTERMEDIATE SCHOOL DISTRICT, CARO, MICHIGAN**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2005**

*Condition:* A small number of cost reports prepared for the quarters March 2003 – December 2003 for the Medicaid Outreach Program contained questioned costs relative to the overhead charges. The same errors were noted in our prior audit, however, the 2003 reports had been filed before the affected districts had been notified.

*Recommendation:* The auditor recommended that the billing company be notified of these errors. Revised reports were prepared and an adjustment of \$37,141 was made on a subsequent payment.

*Current Status:* Beginning with the first quarter of 2004, a new billing system has been implemented. The system has been pre-approved by the U.S. Department of Health & Human Services. Overcharges for overhead will no longer be a problem.

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

August 31, 2005

To the Board of Education  
Tuscola Intermediate School District  
Caro, Michigan 48723

In planning and performing our audit of the financial statements of Tuscola Intermediate School District for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated August 31, 2005, on the financial statements of Tuscola Intermediate School District.

## **Bank Account Reconciliations**

We noted that at June 30, 2005, the District's bank account had not been reconciled with the general ledger. In checking prior months it was apparent that this problem has existed for a number of months. Bank reconciliation's are the cornerstone of a strong system of internal control. We would recommend that bank reconciliation's be prepared each month in a timely manner by someone who is independent of the check writing process.

## **New Rules For §403(B) Plans**

Proposed regulations were issued last year that require a written plan document for §403(b) plans. The plan must contain all the material terms and conditions for eligibility, benefits, contribution limitations, the annuity contracts or accounts available or used under the plan for funding, and the time and form under which benefit payments will be made. There is no requirement that a single document must be used. This rule applies for tax years beginning after 2005 to assure you comply.

## **Increase Fidelity Insurance Coverage**

We recommend that the District review their fidelity insurance and consider increasing the insurance coverage. Given the size of the District's operations and the amounts of money that are frequently involved in individual transactions, a higher level of insurance protection should be considered. We believe that this type of protection is a relatively inexpensive way of safeguarding the District's assets from theft or misappropriation.

To the Board of Education  
Tuscola Intermediate Schools

August 31, 2005  
Page two

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various schools district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Tuscola Intermediate School District, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**